Choosing the Right Private Practice

A Guide for Counselors

Introduction

My name is Ben Taylor and I with my co-owner Lindsay started and continue to operate Summit Counseling. We're proud of our team both current and former and we're proud of the practice we run. I've put together this guide to be a basic primer for understanding private practice options.

The world of private practice has expanded drastically in the last ten years but the education around practices has not. This has created a culture where clinicians are often underprepared to enter into private practice settings. As a result, many providers find themselves in inequitable employee contracts, doing more marketing and billing than providing therapy, and ultimately burned out and disappointed.

I wrote this guide after seeing this growing disparity and feeling a need to provide more guidance about private practice work. It covers common private practice employment structures, compensation models, and key considerations to help you choose a setting that fits your values, needs, and long-term goals.

In my experience, practices can vary wildly and little is taught about how to navigate private practice in grad school. Searching for private practice employment takes a different skillset than searching for traditional employment opportunities. Contracts vary, employee responsibilities vary, culture can be great or toxic, and pay can be fair or exploitative.

There are some practices that will be able to offer you full support, full caseloads, and allow you to focus specifically on providing care. There are also practices that will permit you more freedom (responsibility) to market yourself, take time off, and also manage administrative (non-clinical) tasks. You need to understand what type of employment you are looking for and be able to match that to a practice's model. Do you want to do your own billing and marketing? Do you want to manage client communication outside of sessions? Or are you looking for a practice that will take over these responsibilities while you provide the clinical care?

This is part of the tradeoff between models. Some practices will require more administrative work from you (hopefully in exchange for better pay) while others will provide a full service practice where you are assured of a full caseload and are only responsible for the clinical service to clients.

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1. Practice Models and Employment Types

Private practices come in many shapes and sizes. Understanding how a practice is structured will help you determine what kind of support, autonomy, and expectations to anticipate.

There are a couple of basic structures to understand off the top, namely the difference between being hired as a 1099 contractor vs a W2 employee of the practice.

W2 Employee Model

This is the most straightforward way to be employed by a practice. You are an employee of the practice. which means taxes are withheld on your behalf, and you're often eligible for benefits like PTO, health insurance, and supervision.

Also, state and federal employment laws/protections apply for W2 employees. Most jobs you've taken in the past have probably been W2 positions.

- Pros: Potential for salary pay, lower tax burden, less administrative responsibilities, eligible for employee benefits like pto, health insurance, unemployment pay, etc.
- Cons: potentially less control over schedule, possible productivity requirements.

  *It's important note that each practice's employee contracts are written differently and may vary.

1099 Contractor Model

The 1099 model is very common in private practices. In this model you are your own business and the practice "contracts" you to see clients for them. As such you may have a lot of flexibility about how to perform you role, however, this model also comes with increased responsibility and liability including tracking income and business expenses, paying quarterly estimated taxes (including self-employment tax), and ensuring you have appropriate professional liability coverage for yourself as a business entity.

You may also (recommended) consider creating an LLC for yourself to protect your personal assets in the case of a lawsuit. Without this, as a 1099 contractor you are operating as a "sole-proprietor" by default in the eyes of state and federal governments.

Word of caution, many practices use 1099 contracts to avoid employer responsibilities and liabilities while still treating clinicians like an employee. A 1099 contractor should be a fully independent practice on their own and not treated as an employee of the practice.

In general, I view 1099 contract positions as a potential red flag. The IRS has some pretty strict guidance on appropriate 1099 situations and a counselor working for a counseling practice rarely meets their criterea. Regardless you'll see it oferred frequently.

- Pros: More autonomy, flexibility in scheduling, potential for higher income.
- Cons: Often fewer employment benefits, greater responsibility/liability, self-employment taxes and other business expenses. Potentially misclassified according to IRS standards

Questions to Ask:

- Is this a W2 or 1099 position?
- If 1099, am I responsible for my own billing, marketing, and credentialing?
- What support is provided regardless of employment type?

2. Compensation Models

After employment type, understanding pay arrangments is just as important. Private practices utilize a few common compensation models. Each has pros and cons - it's important to understand them so you can accurately compare them in realistic scenarios. (And so you don't get surprised fine print).

Generally you can picture the models existing on a sort of spectrum. On one side is increased freedom, responsibility, risk, and ideally pay (commission based models) while on the other side is more steadiness, predictability, more support, less administrative work, but potentially less pay (salary based models).

Understanding these models and asking good questions during the interview can save you from huge surprises later. Many practices will advertise high potential pay but not mention that you'll be responsible for marketing and filling your own caseload in order to make that money. If a practice offers high potential earning based on caseload size but can't also assure you a full caseload, you're going to be dissapointed.

The three common pay models are Pay Per Session, Fee Split, and Salary.

Pay Per Session

This is sort of a middle ground between fee split and salary pay models. You aren't paid the same amount every pay period like a salary employee would be, but you do have some more financial predictability compared to a full fee-split employee because you don't have to wait for the practice to be paid before you get paid. In this model you'll agree to a set rate per session and will be paid that amount for every session.

- Pros Transparent and easy to calculate week to week.
- Cons: Still dependent on the practice's ability to fill your caseload. Can vary based on client attendance, vacations, etc.

Questions to Ask:

- Are you paid per kept session or scheduled session? How are missed appointments or late cancellations handled?
- What happens if an hour long sessions ends up going short or long?
- How well can the practice fill and keep your caseload full?

Fee Split

This is the riskiest pay model but also can be the more lucrative option. It's also often the model when you see salaries listed as almost too good to be true. The value in a fee split model hinges on the practice's ability to keep and maintain a full caseload for you as well as their ability to accurately bill and collect revenue from clients and insurance.

In a fee split pay model you are paid a percentage of the revenue you generate from sessions. This is very common among practices and can offer the potential for the highest earnings. It is also the most risky for clinicians as you're only paid if you're generating revenue in most cases. As a result your pay is directly associated with:

1. The practice's ability to build and maintain your caseload
2. The practice's ability and processes for ensuring sessions are paid by clients and insurances

If you don't have a full caseload, take time off, have a lot of cancellations, etc, you will see your pay decrease. If the practice is not billing correctly or is allowing clients to rack up unpaid balances, you will similarly not get paid.

Because the fee split model includes more risk to you the clinician, it's reasonable to expect a higher percentage of revenue to be paid when compared to a salary model where you are paid regardless of your caseload size, cancellations, etc.

A 60/40 split for a W2 employee is considered normal - in this case you earn 60% of money generated from sessions. However, for a 1099 contractor, a 70/30 split is more reasonable as you'll need to pay additional self-employment taxes that would normally be paid by an employer in a W2 model. Anything less than 60/40 as a W2 or 70/30 as a 1099 is poor pay. The higher percentage goes to the clinician in each case.

Pros:

- Income scales with your caseload. You can earn more if you work more.
- May offer more flexibility to adjust your schedule to more or less clients throughout the year

Cons:

- Pay can be unpredictable and you're on the hook for missed pay when you don't have sessions. This requires being confident your practice can keep your caseload full and/or being ready to self-market as needed to have a full caseload.
- Can be used to create "too good to be true" salary promises; any practice can suggest a range of pay up to six figures in theory but without mentioning how many clients it would take to reach that salary and if they have the referral demand to actually book that many clients.
- Will likely include a period of low or no pay while you ramp up your caseload

Questions to Ask:

- How does the practice handle billing and revenue management? As a fee split employee you likely only get paid when the practice is paid, you need to trust they are tracking and recieving appropriate payment for your sessions!
- Are you able to see the financials behind your pay? (i.e., can you also track what money is recieved and what is owed by clients?)
- What happens when an insurance clawback occurs (insurance takes back money)? Do you have to pay for that or does the practice take responsibility?
- How quickly can you expect to have a full caseload? In a fee split model, you likely won't get paid if you don't have clients!
- Will the practice be filling more than one caseload at a time or will yours be a priority?

Salary

This is the easiest model to understand and offers the most consistency for clinicians. In this model you are paid the same amount every pay period regardless of sessions. This is great option for someone who values steadiness. It can also be a good indicator of a practice's sustainability as they can afford to pay you while you onboard and have confidence they can build and maintain your caseload otherwise they couldn't afford the risk of hiring you with guaranteed pay.

Pros:

- Financial stability, ideal for newer clinicians or those seeking consistency. Offers protection against swings in caseload size or problems with client/insurance billing as your pay is not directly tied to the practice being paid first.

Cons:

- May have lower earning potential as the practice carries more of the financial risk of missed sessions, an onboarding period, or slower seasons. May come with more expectations around productivity.

Questions to Ask:

- What are the productivity requirements?
- Are their any circumstances when a salary employee wouldn't be paid their normal salary?

3. Caseload, Marketing, and Administrative Support

One of the biggest differences between practices is how much support they offer for non-clinicial tasks. In some settings almost everything besides providing therapy will be supported by an admin team. In others, you may responsible for more administrative tasks than you'd expect.

Understanding these benefits is important because they are the services you're paying for with your fee split. If you are in a fee split model but are still doing a lot of the behind the scenes work, you may consider negatioting for a higher fee split. Alternatively you may decide that the fee split as offerred is fair given the level of support offerred.

Common administrative supports and responsibilities within a counseling practicing include caseload recruitment and management, communication with clients and third parties, billing/revenue management, insurance contracting, and HIPAA compliant software tools.

Caseload Building and Marketing

Some important considerations when joining a practice revolve around your responsibilities to build and maintain a caseload. Below are some good things to consider and ask when interviewing practices.

- How long does it typically take to build a full caseload? (Be sure to define what a "full caseload" means with the practice.)
- Will you have a say on which populations you see?
- Does the practice know how many cancellations/missed appointments occur on average? This is helpful for knowing how many clients need to be scheduled each week in order to see the targeted number of sessions.
- Does the practice provide referrals or do I need to market myself? Who pays for online marketing?

Administrative Responsibilities

There are many other small administrative tasks associated with running a practice. It can be helpful to know which one's the practice will cover for you and which you'll need to be responsible for. Some things to consider include:

- Who handles scheduling, rescheduling, and client communication? If it's the clinician, do you get access to a phone/computer/software etc for client communication?
- How do you communicate with clients within the practice? Do you get your own phone or phone number? Your own confidential email?
- How is insurance credentialing and day-to-day billing managed? Who answers billing related questions from clients? How are outstanding balances followed up on?
- What EHR system is used and is training provided? Is the training period paid?
- What normal office supplies are provided? Are phones or computers available for clinical use or contact with clients?

4. Professional Development, PTO, and Other Benefits

The level of benefits can differ drastically between practices but are essential for understanding the full value of a contract with a practice. A 60/40 split at a practice where you don't have additional benefits and are in charge of your own caseload management is not the same value as a 60/40 split in a practice where you are only responsible for providing the direct therapy.

As you compare practices either during interviews or while reviewing job listings, you should be asking or looking for information related to the benefits of working in that practice. Providing more benefits is a potential sign the practice truly values building a positive culture versus valuing building a maximized profit margin.

There are many forms of benefits you may encounter in practices including:

- PTO
- Paid Holidays
- Professional Development Stipends
- Licensure Stipends
- Paid Supervision
- Holiday Bonuses
- Team Consultation
- Licensure Supervision
- Medical Insurance
- Retirements Plans
- Maternity/Paternity Leave

Questions to Consider:

- Are there opportunities for CE reimbursement?
- Are there benefits with this position? Would I be eligible?
- Does the practice offer mentorship or peer learning opportunities?
- Are there clear pathways for advancement or specialization?
- How are new clinicians supported in their transition into practice?
- Is supervision provided for associate clinicians?
- How does PTO work?
- Is there support or pathways for specialization or advancement?
- How are new clinicians supported in the transition into the practice?

5. Culture, Values, and Fit

No matter how good a compensation model looks, if the culture isn't right or doesn't match that you need, you won't be happy. It can be difficult to gauge the true culture of a practice. It's completely reasonable and advised to review all you can online about a practice and ask around to peers about their knowledge and experience of the pratice in question.

Below are some questions to help evaluate the natural fit between you and a practice. Some of these questions can help you uncover the overall sense of what values underline the practice while others can help you predict what the day-to-day culture may be like.

Practice Day to Day Culture Questions

These questions are aimed at revealing the practice's attitude towards work-life balance and practice culture.

- What are some values that direct the practice's decision making?
- How does the team interact with one another, both logistically and more broadly.
- Is leadership accessible and responsive? How can they be contacted when needed?
- Are you expected to be "on call"?
- How are emergencies or crises handled?
- What boundaries or limits does the practice recommend regarding professional vs personal time?
- How is feedback handled and communicated?
- How does the team logistically communicate with one another?

Practice Beliefs and Values Questions

These questions are intended to help uncover the values driving practice decision-making.

- Why was the practice started?
- What are some values that guide the practices decision-making?
- What values does the leadership team believe define a good practice?
- What qualities does the practice believe a clinician needs to have to do well at this practice?

6. Green, Yellow, and Red Flags of a Practice

It's difficult to understand a practice without spending some time in that practice. However, with good questions and review of online material you can piece together some indications of what it might be like to work at a practice. I've put together a list of signals that are often first impressions to me. It's important to understand that these are suggestions of the practice and not necessarily a final determinate of a practice's culture.

Green Flags

- Clear, confident answers to your questions
- Willingness to share historical data (caseload fill time, reimbursement rates)
- Transparent about expectations and responsibilities
- Supportive of supervision and professional growth
- A values-driven mission and evidence of team cohesion

Yellow Flags

- Vague or evasive responses
- Company is owned by a private equity firm or insurance carrier. These large organizations tend to be motivated by shareholder investments
- Too good to be true salary/pay on job postings. These are often commission based positions and factor in full caseloads 52 weeks a year with 100% payment collection to generate a hypothetical best case pay scenario. Pay expectations can be confirmed with historical data to show 1. Average sessions per week kept per year for clinicians and 2. Average pay per kept session
- Frustration or defensiveness when asked detailed questions
- 1099 roles only
- Advertise heavy on "autonomy", "self-motivated", and "freedom to practice your way".
- No clear policies or difficult answer questions regarding billing, administrative support, etc
- No historical data or metrics regarding ability to fill a caseload or financial earning potential
- Non-compete contracts that attempt to limit your ability to work locally in the future
- Negative reviews or high staff turnover

Red Flags

- Vague or evasive responses
- Frustration or defensiveness when asked detailed questions
- No clear policies around billing, cancellations, or supervision
- No historical data or metrics
- Negative reviews or high staff turnover

Conclusion

I hope this guide is helpful as you explore private practice options. No one guide can be completely exhaustive but I've shared many of the things I would have liked to have know before beginning myself. Many of these things I've learned through mistakes or by building a practice with our co-owner and asking ourselves how a good practice should function. I'm sure there are always ways to grow, but we've built Summit to be a model of a well-rounded group rooted in treating people with respect and decency.

It's reasonable that you should expect the same from a place of employment and that comes with having the knowledge of what such a practice looks like.

You should be aware that many of these topics in this guide are discussed widely online as well. Be sure to search for any terms your unfamiliar with. Join online counselor groups. Read about good and bad experiences. There are many opportunities to dive into any topic from this guide.

If you have further questions or would like to speak with me about private practice, you can always reach me directly at btaylor@summitcounselingtn.com. I'd be happy to chat.

Potential Interview Questions

Contract Type

- Is this a W2 or 1099 position?
- If 1099, am I responsible for my own billing, marketing, and credentialing?
- What support is provided regardless of employment type?

Salary

- Are you paid per kept session or scheduled session? How are missed appointments or late cancellations handled?
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- Are their any circumstances when a salary employee wouldn't be paid their normal salary?

Practice Supports

- How do you communicate with clients within the practice? Do you get your own phone or phone number? Your own confidential email?
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